

## PROMISSORY NOTE

\$35,000

Cathedral City, California

September 27, 2017

WHEREAS, the Boys and Girls Club of Cathedral City has become a vital organization for youth development in Cathedral City (“**City**”). As one of the only youth service agencies in the City, they serve 600 children annually, and over 100 youth daily in the 1<sup>st</sup> and 12<sup>th</sup> grades. The Boys and Girls Club of Cathedral City offers life enhancing programs to promote Academic Success, Healthy Lifestyles, and Good Character all in a safe, supervised environment; and

WHEREAS, the Boys and Girls Club of Cathedral City has requested this bridge loan from the City so that it may continue to provide vital services to the City’s youth; and

WHEREAS, this Promissory Note memorializes the terms and conditions upon which the City has loaned funds to the Boys and Girls Club of Cathedral City, and that the Boys and Girls Club of Cathedral City has agreed to said terms and conditions.

**FOR VALUE RECEIVED**, the Boys and Girls Club of Cathedral City (“**Borrower**”), promises to pay to the City of Cathedral City, a municipal corporation (“**City**”), in lawful money of the United States of America, the principal sum of Thirty-Five Thousand Dollars (\$35,000.00).

This Promissory Note (this “**Note**”) has been executed as of \_\_\_\_\_, 20\_\_, by Borrower and delivered to City, and is subject to the terms and conditions herein.

### 1. PAYMENTS.

1.1 LOAN; INTEREST RATE. City has made a loan to Borrower in the principal amount of thirty-five thousand dollars (\$35,000.00), which Borrower agrees to repay to City. The loan memorialized in this Note shall not bear interest, except as provided for in Section 2.3 in the Event of a Default. In no event shall any amount due under this Note become subject to any rights, offset, deduction or counterclaim on the part of Borrower.

1.2 REPAYMENT. The entire outstanding principal balance of the loan shall be due and payable in one lump sum on January 31, 2018, or upon the occurrence of an Event of Default under Section 2.1 of this Promissory Note. Without limiting the foregoing, this Note shall not be assumable without City’s prior written consent.

1.3 PREPAYMENT. Borrower may, without premium or penalty, at any time and from time to time, prepay all or any portion of the outstanding principal balance due under this Note.

1.4 MANNER OF PAYMENT. All payments on this Note shall be made to the City at 68700 Avenida Lalo Guerrero, Cathedral City, CA 92234, or such other place as City shall designate to Borrower in writing, or by wire transfer of immediately available funds to an account designated by City in writing.

## 2. DEFAULTS AND REMEDIES.

2.1 EVENTS OF DEFAULT. The occurrence of any one or more of the following events shall constitute an event of default hereunder (“**Event of Default**”):

(a) Borrower fails to pay when due the principal payable hereunder and such failure continues for five (5) days after City notifies Borrower thereof in writing.

(b) Pursuant to or within the meaning of the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors (“**Bankruptcy Law**”), Borrower: (i) commences a voluntary case or proceeding; (ii) consents to the entry of an order for relief against Borrower in an involuntary case; (iii) consents to the appointment of a trustee, receiver, assignee, liquidator or similar official for Borrower; (iv) makes an assignment for the benefit of its creditors; or (v) admits in writing its inability to pay its debts as they become due.

(c) A court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (i) is for relief against Borrower in an involuntary case, (ii) appoints a trustee, receiver, assignee, liquidator or similar official for Borrower for substantially all of Borrower’s assets, (iii) orders the liquidation of Borrower, or (iv) issues or levies a judgment, writ, warrant of attachment or similar process against the Property or the Improvements, and in each case the order or decree is not released, vacated, dismissed or fully bonded within sixty (60) days after its issuance.

2.2 REMEDIES. Upon the occurrence of an Event of Default hereunder, City may, at its option (i) by written notice to Borrower, declare the entire unpaid principal balance of this Note immediately due and payable regardless of any prior forbearance, and (ii) exercise any and all rights and remedies available to it under applicable law or in equity. Borrower shall pay all reasonable costs and expenses incurred by or on behalf of City including, without limitation, reasonable attorneys' fees, incurred in connection with City's enforcement of this Note and the exercise of any or all of its rights and remedies hereunder. The rights and remedies of City under this Note shall be cumulative and not alternative.

2.3 INTEREST; DEFAULT RATE. Prior to the occurrence of an Event of Default, no interest shall accrue on the principal balance of this Note. Upon the occurrence of an Event of Default, interest shall automatically be increased without notice to the rate (the “**Default Rate**”) equal to the lesser of ten percent (10%) per annum or the maximum rate permitted by law. The imposition or acceptance of the Default Rate shall in no event constitute a waiver of a default under this Note or prevent City from exercising any of its other rights or remedies.

## 3. MISCELLANEOUS.

3.1 WAIVERS; AMENDMENTS; BORROWER'S WAIVERS. No waiver by City of any right or remedy under this Note shall be effective unless in writing signed by City. Neither the failure nor any delay in exercising any right, power or privilege under this Note will operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege by City will preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. No waiver that may be given by City will be applicable except in the specific instance for which it is given. No notice to or demand on Borrower will be deemed to be a waiver of any obligation of Borrower or of the right of City to take further action without notice or demand as provided in this Note. There shall be no amendment to or modification of this Note except by written instrument executed by Borrower and City.

To the maximum extent permitted by applicable law Borrower hereby waives presentment, demand, protest, notices of dishonor, demand and protest, and all defenses and pleas on the grounds of any extension or extensions of the time of payment or of any due date under this Note, in whole or in part, whether before or after maturity and with or without notice. To the maximum extent permitted by applicable law, Borrower hereby waives the pleading of any statute of limitations as a defense to the obligations evidenced by this Note.

3.2 NOTICES. Any notice required or permitted shall be in writing and shall be delivered (a) in person (by hand or by courier), (b) by certified or registered U.S. Mail or U.S. Postal Service Express Mail, with postage prepaid, or (c) by Express Courier (overnight or better service) that maintains delivery records, and shall be deemed sufficiently served by certified mail, return receipt requested or express courier is deemed given upon receipt or when delivery is refused.

3.3 SEVERABILITY. If any provision in this Note is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Note will remain in full force and effect. Any provision of this Note held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

3.4 GOVERNING LAW; VENUE. This Note shall be governed by the laws of the State of California without regard to principles of conflicts of laws. Any legal action filed in connection with this Note shall be filed and litigated in the Superior Court of Riverside County, California, or in the Federal District Court for the Southern District of California.

3.5 PARTIES IN INTEREST. This Note shall bind Borrower and its successors and assigns and shall accrue to the benefit of City and its successors and assigns.

3.6 SECTION HEADINGS, CONSTRUCTION. The headings of Sections in this Note are provided for convenience only and will not affect its construction or interpretation.

3.7 RELATIONSHIP OF THE PARTIES. The relationship of Borrower and City under this Note is solely that of borrower and lender, and the indebtedness evidenced by this Note will in no manner make City the partner of Borrower.

3.8 TIME IS OF THE ESSENCE. Time is of the essence with respect to every provision of this Note.

3.9 JOINT AND SEVERAL OBLIGATION. If more than one person has signed this Note as Borrower, the obligations of each such party hereunder shall be joint and several.

*SIGNATURES ON FOLLOWING PAGE.*

IN WITNESS WHEREOF, Borrower has executed and delivered this Promissory Note as of the date first written above.

**BORROWER:**

By: \_\_\_\_\_  
Scott Robinson, Chief Executive Officer

By: \_\_\_\_\_  
Terry Nelson, Board President